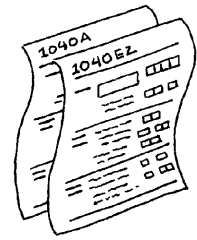




TAX FACTS

Prepared by the House Republican Study Committee
April 2003



Did You Know?

By the Numbers:

- There are approximately 700 separate sections of the tax code that apply to individuals. There are over 1,500 separate provisions that apply to businesses.
- As of May 2000, the tax code contained 1,395,028 words – nearly 319 times the number of words in the Constitution.
- IRS Regulations contain over 8,551,444 words – over 11 times the number of words in the King James Bible.
- The IRS produces 649 separate forms, schedules, and instructions with approximately 16,100 lines. Publications providing guidance to taxpayers alone total about 13,400 pages.
- In 1998, 46 tax experts surveyed came up with 46 different answers when determining tax liability. The tax calculations ranged from \$34,240 to \$68,912.

Compliance & The IRS:

- Ten years ago, the IRS said it took the average person 9 ½ hours to complete the 1040. Today's average is 13 hours – time enough to complete at least 4 baseball games.
- This year, Americans will spend an estimated 6.4 billion hours complying with the tax code – 6.4 billion hours ago was 734,645 years before the birth of Jesus Christ.
- It cost all taxpayers an estimated \$194 billion in 2002 just to comply with the tax code – that is enough money to buy 4.7 million brand new Cadillac DeVille 4-Door Sedans at retail price. The Tax Foundation estimates that the compliance costs for 2003 will be \$203.4 billion.
- The average taxpayer pays \$1,839 per household in compliance costs. In other words, the average taxpayer must work 6 days per year just to pay for the cost of preparing his or her taxes for that year.
- The IRS spent \$9 billion in 2002—that's more than the budgets for the FBI, the DEA, and INS Border Enforcement combined.
- As of December 2002, the IRS employed 98,597 people – more than 3-1/2 times as many people as work for the FBI.
- Yet, with all these resources, in 2001 the IRS answered less than 60% of the phone calls they received requesting information or assistance. When they did answer, one out of every four answers they provided was either incomplete or incorrect.

Think You Have Paid Your Taxes for the Year? *Think Again!*

- Throughout the rest of the year, Americans will continue paying more federal taxes every time they fly on an airplane, make a phone call, fill up their gas tank, or even sit down to have a cold beer. These federal excise taxes cost the average American about \$500 per year.
- Since the federal government taxes corporations, they are forced to factor these costs into the prices of the products and services they sell. Corporate income taxes and the employer share of payroll taxes cost consumers over \$1,600 a year in increased prices.

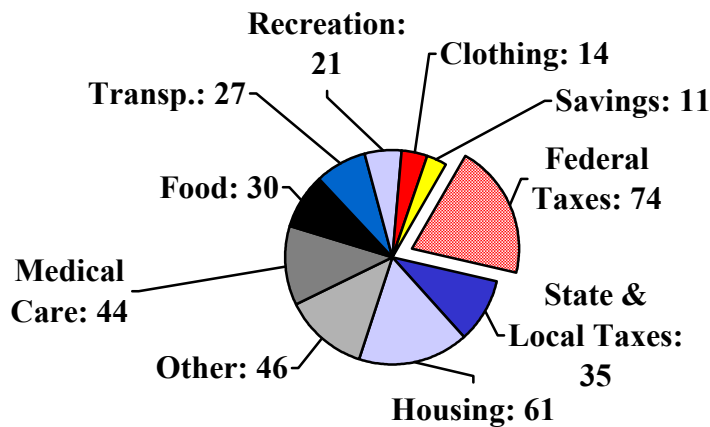
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Working for the Taxman:

Last year, 100% of the income the average American earned from January 1st to April 18th (108 days) went to pay taxes. Therefore, April 19th was “Tax Freedom Day,” the day on which the average American started working for anything besides taxes.

- According to the Tax Foundation, Tax Freedom Day would have been 5 days *later* if the tax cuts in 2001 and 2002 had not been enacted.
- Tax Freedom Day would be one day *sooner* in 2003 if the President’s proposed economic growth package were enacted.
- Americans spent more time working to pay taxes than they spent working to own a home, put food on the table, or pay medical expenses.

Number of Days in 2003 the Average American Will Work to Pay for:



Unfortunately, opposition to the 2001 Bush tax cut from Senate Democrats forced the inclusion of a provision sunsetting the tax cut in 2011. Congress must act again to make the tax relief permanent. Amazingly, some Democrat Members of Congress have suggested going in the exact opposite direction, proposing that we raise taxes even higher.

Fed Up?

Members of the Republican Study Committee are as well. Ultimately, the American people deserve a completely new tax code—not one that’s tweaked around the edges. However, until tax-code replacement becomes politically feasible, Congress should make the tax code fairer and simpler. Some ways to do this include:

- Eliminating the double taxation of dividends;
- Accelerating and making permanent the Bush tax cuts of 2001;
- Eliminating or sharply reducing the capital gains tax for individuals and small businesses;
- Repealing the 1993 income tax increase on Social Security benefits;
- Removing the tax on interest earned from savings accounts;
- Lowering the tax on American companies’ foreign earnings brought home to the U.S.;
- Eliminating the “e-rate” surcharge on taxpayers’ monthly telephone bills;
- Permanently extending the moratorium on taxing Internet access; and
- Making military death gratuities exempt from the federal income tax.